



Stat^e of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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November 5, 2003

CERTIFIED RETURN RECEIPT
7099 3400 0016 8896 3366

Mr. Mert Hamilton
Rocanville Stone Company
P.O. Box 35
Delta, Utah 84624

Re: Notice of Potential Non-Compliance & Division Directive, Rocanville Stone Company,
Tejon 1,2,3 (E/027/069), Red Gulch Quarry and Levin #2 Mine (S/027/087), Millard
County, Utah

Dear Mr. Hamilton:

On August 28, 2003, we received your exploration notice for the Tejon 1, 2 & 3. At that time, we informed you that this project (when combined with the Levin #2 site) might cause your total project area to exceed the five-acre limitation for a small mining permit. If so, you would need to file a permit application for a large mining operation. You were also informed that a site inspection would be performed in the near future to make this determination. The State Historical Preservation Office was also consulted and they recommended that an archaeological survey be performed before starting the proposed exploration work. The BLM notified us that they were considering the Tejon notice as an amendment to the existing Red Gulch Quarry.

On September 17, 2003, you met with the Division and the Bureau of Land Management to perform a joint site inspection of your Tejon 1, 2, 3 exploration sites, the Levin #2 Quarry, and the Red Gulch Quarry. The site disturbances were GPS'd during the inspection (copy of inspection memo w/GPS map attached). Disturbed areas were as follows: Levin #2 site - 4.67 acres, Red Gulch Quarry - 2.93 acres, and the Tejon 1 & 2 sites - 2.31 acres. Application of rule R647-1-106, Definitions – "*onsite*", *a series of related properties under the control of a single operator, but separated by small parcels of land controlled by others will be considered a single site*, would place all of these sites under one permit and project file. The total combined acreage equals 9.91 acres of disturbance.

Mert Hamilton

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We will officially transfer the information from the Tejon 1, 2 & 3, from file E/027/069 and combine it into the Red Gulch/Levin #2 project file S/027/087. Because the site is over five acres for a small mine, that file number will also be changed to read M/027/087. The exploration file E/027/069 will be closed.

During the September 17th inspection there was a crew working the quarries (including the Tejon #1 & 2 exploration sites) and all areas were being commercially mined. An exploration notice is normally filed for testing purposes or to determine the validity of a mineral deposit. It is a time-limited permit and does not authorize commercial mining of the deposit. *To date, we have not accepted your exploration application as complete, nor authorized any work to begin at the Tejon exploration sites.*

Because your combined projects exceed the five-acre limitation of a small mining operation, **you are hereby directed to:**

- 1) immediately cease mining operations at the Levin #2, the Red Gulch Quarry, and the Tejon 1, 2, & 3 sites:
- 2) within 30 days of your receipt of this notice, post a transitional reclamation surety in the amount of \$31,700 dollars (9.91 acres x \$3,000/acre + \$2,000 equipment mobilization fee):
- 3) within 30 days of your receipt of this notice, mark the existing 9.91 disturbed area boundaries with metal t-posts, or other markers of equal effectiveness; and
- 4) within 60 days of your receipt of this notice, submit a complete Notice of Intention to Commence Large Mining Operations (form MR-LMO enclosed) showing the existing 9.92 acres of disturbance, plus any proposed expansion to the mine areas.

When items 1 - 4 are addressed, you may resume operations within the current 9.91 acre disturbance, while your LMO application is being processed. We cannot authorize any expansion beyond the existing 9.91 acres, until the LMO is approved and appropriate reclamation surety is received. Please contact Joelle Burns at 801-538-5321, to obtain the appropriate reclamation surety forms. You can also download copies of these forms from our website at: www.ogm.utah.gov.

Your failure to abide by these requirements within the specified time frames, may result in the issuance of a Notice of Non-Compliance, or a formal Notice of Agency Action before the Division Director or the Board of Oil, Gas and Mining. Appropriately determined penalties or fines could result from these enforcement actions.

Mert Hamilton

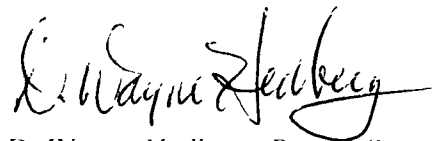
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Thank you for your immediate attention to this matter. We hope to avoid taking any further enforcement action in this regard. If you have any questions regarding the requirements of this letter, please contact me at (801) 538-5286, or Tom Munson at 538-5321.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Wayne Hedberg". The signature is fluid and cursive, with the first name "D." and last name "Hedberg" clearly distinguishable.

D. Wayne Hedberg, Permit Supervisor
Minerals Regulatory Program

DWH:FM jlb

cc. Larry Garahana, BLM, Fillmore Field office (U1U-079464)

Enclosure Inspection Memo w/ GPS map

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